Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Text

CONFIDENTIAL

PAGE 01 STATE 305385

41
ORIGIN EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 L-03 H-02 FEAE-00 CIAE-00

INR-07 NSAE-00 /039 R

DRAFTED BY EB:ORF:FSE:LRRAICHT:LER
APPROVED BY EB - THOMAS O. ENDERS
EB - JULIUS L. KATZ
EUR/RPE - ERNEST PREEG
L/EB - PHILLIP TRIMBLE
---------- 076587
P 311730Z DEC 75
FM SECSTATE WASHDC
TO AMEMBASSY ANKARA PRIORITY
AMEMBASSY BERN PRIORITY
AMEMBASSY BONN PRIORITY
AMEMBASSY BRUSSELS PRIORITY
AMEMBASSY COPENHAGEN PRIORITY
AMEMBASSY DUBLIN PRIORITY
AMEMBASSY LONDON PRIORITY
AMEMBASSY LUXEMBOURG PRIORITY
AMEMBASSY MADRID PRIORITY
AMEMBASSY OSLO PRIORITY
AMEMBASSY OTTAWA PRIORITY
AMEMBASSY ROME PRIORITY
AMEMBASSY STOCKHOLM PRIORITY
AMEMBASSY THE HAGUE PRIORITY
AMEMBASSY TOKYO PRIORITY
AMEMBASSY VIENNA PRIORITY
AMEMBASSY WELLINGTON PRIORITY
USMISSION OECD PARIS PRIORITY
INFO USMISSION EC BRUSSELS PRIORITY

C O N F I D E N T I A L STATE 305385

E.O. 11652:GDS

TAGS: ENRG, US

CONFIDENTIAL

CONFIDENTIAL

SUBJECT: IMPACT OF US ENERGY BILL

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

1. PLEASE DELIVER FOLLOWING MESSAGE FROM ASSISTANT SECRETARY THOMAS O. ENDERS TO HEAD OF HOST GOVERNMENT DELEGATION TO IEA GOVERNING BOARD. BRUSSELS FOR DAVIGNON. OECD PARIS FOR LANTZKE.

2. BEGIN MESSAGE. QUOTE: YOU WILL HAVE HEARD THAT PRESIDENT FORD SIGNED THE ENERGY BILL INTO LAW ON DECEMBER 22. THE AUTHORITIES CONTAINED IN THIS LEGISLATION WILL MAKE IT POSSIBLE FOR THE UNITED STATES TO ADHERE PERMANENTLY TO THE AGREEMENT ON THE INTERNATIONAL ENERGY PROGRAM. WE ARE NOW IN THE PROCESS OF PREPARING TO DEPOSIT THE FORMAL NOTIFICATION OF OUR CONSENT TO BE BOUND BY THE IEP.

THIS LEGISLATION ALSO CONTAINS MANY OF THE ESSENTIAL PORTIONS OF THE ADMINISTRATION'S ENERGY PROGRAM.

IT ESTABLISHES A NUMBER OF IMPORTANT CONSERVATION MEASURES WHICH WILL HAVE INCREASING IMPACT OVER THE NEXT FIVE YEARS.

-- IT SETS AVERAGE FUEL ECONOMY STANDARDS FOR AUTOMOBILES FOR 1980 AND 1985;

-- IT EXTENDS THE AUTHORITY OF THE FEDERAL ENERGY ADMINISTRATION (FEA) TO DIRECT POWER PLANTS AND OTHER MAJOR FUELBURNING INSTALLATIONS TO CONVERT TO THE USE OF COAL;

-- IT REQUIRES ENERGY EFFICIENCY LABELING OF MAJOR APPLIANCES AND CERTAIN OTHER CONSUMER PRODUCTS AND SETS ENERGY EFFICIENCY STANDARDS FOR CERTAIN CATEGORIES OF APPLIANCES;

-- IT REQUIRES FEA TO SET 1980 CONSERVATION TARGETS FOR THE TEN MAJOR ENERGY CONSUMING INDUSTRIES, THUS ESTABLISHING A PROGRAM TO ENCOURAGE INCREASED EFFICIENCY IN US INDUSTRIAL ENERGY USE;

-- IT PROVIDES FOR DEVELOPMENT AND IMPLEMENTATION CONFIDENTIAL

OF STATE ENERGY CONSERVATION PROGRAMS WITH FEDERAL FINANCIAL AND TECHNICAL ASSISTANCE.

WE ESTIMATE THAT THESE MEASURES WILL HAVE A SUBSTANT,AL IMPACT ON ENERGY DEMAND OVER THE NEXT DECADE AND WILL MAKE A MAJOR CONTRIBUTION TO THE ABILITY OF THE US TO MEET ITS GOALS FOR REDUCED DEPENDENCE ON IMPORTED OIL BY 1980 AND 1985.

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

THE OIL PRICING PROVISIONS FALL SHORT OF WHAT WE HAD ORIGINALLY PROPOSED TO THE CONGRESS. THE ACT SETS AN AVERAGE PRICE OF $7.66 PER BARREL FOR ALL DOMESTICALLY PRODUCED OIL. WITH THE REMOVAL OF THE $2 PER BARREL IMPORT FEE ON DECEMBER 21, WE ESTIMATE THAT PRICES WILL DECREASE ABOUT $0.40 PER BARREL AS A RESULT OF THE ROLLBACK. THE LAW GIVES THE PRESIDENT AUTHORITY TO ADJUST THE COMPOSITE PRICE UPWARD BY AS MUCH AS TEN PERCENT ANNUALLY, WITH CONGRESSIONAL APPROVAL.

THE ACT ALSO CONTAINS THE FOLLOWING PROVISIONS SUPPORTIVE OF OUR JOINT EFFORTS IN THE IEA:

-- IT AUTHORIZES PROMPT INITIATION OF A STRATEGIC OIL STORAGE PROGRAM; AN EARLY STORAGE PLAN TO BUILD ADDITIONAL STOCKS UP TO 150 MILLION BARRELS OR 25 DAYS OF IMPORTS BY 1978, AND A LONG-RANGE RESERVE OF UP TO ONE BILLION BARRELS, WHICH WILL BE COMPLETED BY 1982. THIS IS OVER AND ABOVE PRESENT STOCKPILING LEVELS OF ABOUT 100 DAYS UNDER THE IEA DEFINITION.

-- IT REQUIRES THE PRESIDENT TO SUBMIT TO CONGRESS MANDATORY CONSERVATION PLANS WITHIN SIX MONTHS. AFTER CONGRESSIONAL APPROVAL, THESE PLANS CAN BE USED TO CARRY OUT US OBLIGATIONS TO RESTRAIN DEMAND UNDER THE IEP.

-- IT AUTHORIZES THE PRESIDENT TO PROMULGATE RULES FOR OIL ALLOCATION AS NECESSARY TO CARRY OUT US O0LIGA-TIONS UNDER THE IEP. THIS WOULD NOT BE SUBJECT TO APPROVAL BY CONGRESS.

-- IT ESTABLISHES A LEGAL BASIS FOR US INDUSTRY CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 305385

COOPERATION WITH THE IEA UNDER A VOLUNTARY AGREEMENT.

-- IT PROVIDES AUTHORITY FOR COLLECTION OF OIL MARKET DATA AND AUTHORIZES TRANSMITTAL TO THE I:A OF INFORMATION REQUIRED UNDER TH; IEP.

ALTHOUGH IT ONLY PARTLY MEETS OUR ORIGINAL TARGETS, I BELIEVE THIS LEGISLATION PROVIDES A SOLID FOUNDATION FOR A CONTINUING U.S. EFFORTS TO REDUCE OUR DEPENDENCE ON IMPORTED OIL TO AN ACCEPTABLE LEVEL. OVER THE NEXT TWO YEARS WE ESTIMATE THAT US OIL IMPORTS WILL INCREASE MARGINALLY (ABOUT 250,000 BARRELS PER DAY) BECAUSE OF THE EFFECT OF THIS LEGISLATION. AFTER THAT, HOWEVER, THE IMPACT OF THE BILL WILL BECOME MUCH MORE PRONOUNCED AND OUR IMPORT LEVELS WILL DECLINE. BY 1985 US IMPORTS ARE

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

PROJECTED AT FIVE MILLION BARRELS PER DAY -- COMPARED TO
EIGHT MILLION BARRELS PER DAY UNDER OUR PRIOR ESTIMATES.
IN ADDITION, LEGISLATION NOW CLOSE TO PASSAGE BY CONGRESS
FOR PRODUCTION AND EXPLORATION OF OUR NAVAL PETROLEUM
RESERVES AND OTHER MEASURES PROPOSED BY THE PRESIDENT
SHOULD REDUCE US OIL IMPORTS EVEN FURTHER.

THIS BILL REINFORCES THE US COMMITMENT TO JOINT
COOPERATION IN THE IEA. THE LONG TERM COOPERATIVE PROGRAM,
ON WHICH WE ACHIEVED TENTATIVE AGREEMENT EARLIER THIS MONTH,
IS ESSENTIAL TO ENSURE THAT OUR INDIVIDUAL AND COLLECTIVE
EFFORTS ARE ADEQUATE TO ACHIEVE OUR ENERGY OBJECTIVES.
I LOOK FORWARD TO COMPLETING THIS AGREEMENT AT OUR NEXT
MEETING. WITH BEST REGARDS. END QUOTE. ROBINSON

CONFIDENTIAL

NNN

Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ENERGY, DIPLOMATIC COMMUNICATIONS, COMMITTEES, PROGRAMS (PROJECTS), LEGISLATIVE BILLS
Control Number: n/a
Copy: SINGLE
Draft Date: 31 DEC 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE305385
Document Source: CORE
Document Unique ID: 00
Drafter: ORF:FSE:LRRAICHT:LER
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750451-0625
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975123/aaaaacol.tel
Line Count: 183
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: SmithRJ
Review Comment: n/a
Review Content Flags:
Review Date: 08 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 APR 2003 by ShawDG>; APPROVED <07 OCT 2003 by SmithRJ>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPACT OF US ENERGY BILL
TAGS: ENRG, US, IEA, (ENDERS, THOMAS O)
To: ANKARA MULTIPLE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006